

January 17, 2001

**Order Granting Rehearing of Order Pursuant to Section 202(c)  
of the Federal Power Act**

On December 14, 2000, because of a shortage of currently operational electric generation facilities, a shortage of water used to generate electricity, unusual volatility of electricity and natural gas markets, and for other reasons, the Secretary of Energy (the Secretary) determined that California was experiencing an unexpected shortage of electric energy. Therefore, pursuant to Section 202(c) of the Federal Power Act (FPA), the Secretary found an emergency existed in California by reason of the shortage of electric energy, and issued an order requiring entities listed in Attachment A of the order to make arrangements to generate, deliver, interchange, and transmit electric energy when, as, and in such amounts as may be requested by the California Independent System Operator (California ISO). On December 20, 2000, an amended order was issued extending the emergency order until 3:00 a.m., EST, on December 28, 2000, and modifying certain provisions of the original order. On December 27, 2000, Amendment No.2 to the emergency order was issued extending the order until 3:00 a.m., EST, January 6, 2001. On January 5, 2001, Amendment No.3 to the emergency order was issued extending the order until 3:00 a.m., EST, on January 11, 2001, and further modifying certain provisions of the original order.<sup>1</sup> The December 14, 2000, order, as amended, expired at 3:00 a.m., EST, on January 11, 2001. On January 11, 2001, a new California emergency electricity order was issued, and subsequently extended by amendment on January 17, 2001.

On December 29, 2000, PPL Montana, LLC (PPL Montana), filed a petition for rehearing of the December 14, 2000, emergency order pursuant to FPA Section 313(a) (16 U.S.C. § 8251(a)). PPL Montana's principal argument in its rehearing request is that the emergency order requires the listed entities to provide energy and services to the California ISO at negotiated rates (or at rates determined in accordance with Department of Energy Regulations if the parties cannot agree to rates), but does not require the California ISO to provide financial assurances, in the form of guarantees or other credit protection, to ensure the entities providing energy or services under the emergency order will be paid. On January 6, 2001, Reliant Energy Services, Inc. (RES), made a filing styled a request for modification of the December 14, 2000, emergency order. RES's filing

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<sup>1</sup> The original December 14, 2000, emergency order and the December 20, 2000, amended order were published in the Federal Register on December 29, 2000 (65 FR 82989). Amendment No.2 and Amendment No.3 have not been published to date.

raised essentially the same financial assurance issues asserted by Montana PPL in its rehearing request.

Based on the filings described above, the Department of Energy (DOE) has decided to grant rehearing of the December 14, 2000, Order Pursuant to Section 202(c) of the Federal Power Act, as amended (and the subsequent January 11, 2001, emergency order, as amended, because the financial assurance issues raised by PPL Montana and RES are pertinent in that order as well), for the limited purpose of obtaining comments from interested persons on the issues raised by PPL Montana and RES in their respective filings.<sup>2</sup> No answers to comments filed pursuant to this order will be accepted unless provided for by a subsequent order. Written comments are due no later than 4:30 p.m., EST, 30 days after the date of this order. DOE is requesting a signed original and fifteen (15) copies of all comments. Comments are to be addressed to: Lot Cooke, Office of General Counsel, United States Department of Energy, GC-76, Forrestal Building, 1000 Independence Avenue, Washington, D.C. 20585, (202) 586-0503.

### ORDER

Pursuant to Section 313(a) of the Federal Power Act, the request for rehearing of the Secretary of Energy's December 14, 2000, Order Pursuant to Section 202(c) of the Federal Power Act, is granted as set forth above.

Issued in Washington, D. C., on January 17, 2001

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Mary Anne Sullivan  
General Counsel

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<sup>2</sup> Both PPL Montana and RES filed Certificates of Service stating that their filings have been served on all of the entities listed in Attachment A of the December 14, 2000, emergency order, and have also been served on the Federal Regulatory Commission, the California Public Utilities Commission, the Western Systems Coordinating Council, the California ISO, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company. For purposes of this rehearing order, the persons listed above are considered parties and should receive service of all filings made in this rehearing procedure.